



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 84**
Streamlining Draft **AGDONAHUE 4**

Date: January 26, 2010 2:05 PM	Author:
Dept./Agy.: Department of Health and Hospitals	Analyst: Charley Rome
Subject: \$10 Co-Payments for Medicaid Emergency Room Visits	

Authorizes the Department of Health and Hospitals to use co-payments up to ten dollars for emergency room visits funded by Medicaid. Such co-payments shall not apply to services rendered for emergency conditions or services for children. Governor and legislature authorize the Department of Health and Hospitals to use co-payments up to ten dollars for emergency room treatment to the extent allowed by federal law and in a way that would encourage proper use of resources and discourage overuse of resources that may not be needed. Such co-payments shall not apply to services rendered for emergency conditions or services for children.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	(\$226,312)	(\$301,204)	(\$301,204)	(\$301,204)	(\$301,204)	(\$1,431,128)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	(\$591,288)	(\$516,396)	(\$516,396)	(\$516,396)	(\$516,396)	(\$2,656,872)
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$817,600)	(\$817,600)	(\$817,600)	(\$817,600)	(\$817,600)	(\$4,088,000)

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Medicaid expenditures will decrease by an estimated \$817,600 per year based on the proposed co-payment of \$10 per hospital visit. Medicaid expenditures in FY10 from state general funds will decrease by an estimated \$226,312 based on the state’s required Medicaid blended match rate of 27.68 percent, with a corresponding decline of \$591,288 in Federal Medicaid funds based on Louisiana’s Federal Medicaid blended percentage of 72.32 percent in FY10. Medicaid expenditures in FY11 and thereafter from state general funds will decrease by an estimated \$301,204 based on the state’s projected Medicare match rate of 36.84 percent, with a corresponding decline of \$516,396 in Federal Medicaid funds based on Louisiana’s projected Federal Medicaid percentage of 63.16 percent in FY11 and thereafter. Language proposed in the Senate health care reform bill may lower the state’s Medicaid match in FY11 and thereafter. However, there is no way to know if Congress will include these provisions related to Louisiana’s Medicaid match in a final health care bill.

DHH estimates that Medicaid funded emergency room visits will decrease by 2 percent, or approximately 9,400 visits to public and private hospitals in Louisiana. DHH developed the estimated decrease of 2 percent in Medicaid ER visits based on decreases in private insurance utilization when private plans implement co-payments for emergency services. The LFO asked DHH to provide the actual declines in private insurance utilization from increased co-payments used to estimate the 2 percent decrease in Medicaid ER visits. The LFO also asked DHH to provide the amount(s) of additional charges by private insurers relative to the decreases in private ER visits. DHH did not provide this information prior to release of this Fiscal Note. This Fiscal Note uses the 2 percent decrease in ER visits estimated by DHH in the absence of other sources. However, the LFO will revise this estimate if relevant and timely information on the impact of co-payments on Medicaid ER visits becomes available.

Medicaid expenditures will decrease by approximately \$1.25 million at an average cost of approximately \$133 per emergency visit. DHH also assumes that these 9,400 patients will seek primary care with providers accepting Medicaid at an average cost of \$46 per visit (9,400 patients X \$46 per office visit = \$432,400). DHH estimates net Medicaid savings of \$817,600 from the Commission’s recommendation by subtracting estimated primary care costs (\$432,400) from the estimated emergency care eliminated (\$1,250,000 - \$432,400 = \$817,600).

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. According to the Louisiana Department of Health and Hospitals (DHH), co-payments facilitate cost (expenditure) avoidance and do not generate revenues. As such, DHH will decrease payments to the hospitals by the amounts of co-payments levied and collection of the proposed co-payments will be the responsibility of affected hospitals.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	 H. Gordon Monk Legislative Fiscal Officer
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	